30 November 2023

Cooks Coffee Company Limited

Interim Results – 6 Months to 30th September 2023

STORE SALES GROWTH INDICATES A BOUYANT 2024 FOR COOKS

Cooks Coffee Company (NZX:CCC; AQUIS:COOK), the international coffee focused café chain, is pleased to announce its interim results for the six months ended 30 September 2023.

Period Highlights

- Store sales in the UK increased by 22% to NZ$17.8m compared to last year and by 58% compared to 2019 pre Covid trading as the development in suburban areas and smaller market towns rather than the larger cities gained further momentum.
- Store sales in Ireland increased 12% to $9.9m. Sales were impacted by a devastating fire in the Longford store in September 2022. The store will fully re-open in early 2024 and in the interim the store operates from a temporary site that was opened six weeks after the fire.
- Profit from continuing operations for UK & Ireland at $0.8m were up 40% on H1 FY23 of $0.6m
- Net positive cash generation provided from operating activities of $0.3m for the six months compared to a cash outflow from operating activities of $0.5m for the same period last year.

Post Period Events

- Pipeline of store openings robust and underpinned by strong consumer demand
- The Company has entered into an agreement to establish a Regional Developer ("RD") in the UK for the Southwest, South Wales & West Midlands. The RD will focus on store growth and build on the success of this model in the Southeast, London, East England & East Midlands regions, which has proved very successful to date.
- Further discussions are underway to secure agreements for the remaining regions, and we are confident of securing suitable partners before the end of the financial year.
- New store locations have focused on suburban areas and market towns where the ongoing impact of the permanent post Covid changes in consumer behaviour have led to positive store performance.
- The Company appointed RSM UK Restructuring Advisory LLP as liquidators to its Triple Two coffee franchise business, comprising Triple Two Holdings Limited and its subsidiaries. The Esquires business is not affected by the Triple Two process however the company has fully impaired the investment in the September group accounts.

Chairman's Statement

We are delighted by the strong trading performance in the first half with store revenues up in the core markets of UK & Ireland up 18% compared to last year and overall store numbers at the end of September 2023 were 68 (not including Triple Two), a net gain of six stores (10% for the 6 months).

The Directors believe the prospects for the business for the remainder of the financial year and beyond are strong. The Company is committed to building the business based on ethical principles and community values. Store sales trends have been very positive in recent times, with the Company benefiting from the 'working from home' trend, which we are confident will remain in one form or another as a permanent change in consumer behaviour in the post Covid environment. There is a solid pipeline of new stores in both core markets of UK & Ireland that will build upon the growth for FY24 to date. As a result, the Board is confident about the prospects of the business.

Overall store numbers at the end of September 2023 were 94, a net gain of six stores during the six-month period, with the number of stores in the UK and Ireland growing to 68 and the total of 26 stores in the franchised regions outside of the UK and Ireland remaining unchanged.

The Company added seven outlets and closed one to the franchised network in the UK and Ireland during the period. The number of stores is expected to grow in the second half of the year, with eight store openings planned in the UK and two in Ireland which we anticipate will take the store numbers to 78 in the UK and Ireland by the end of March 2023 with the total store numbers expected to reach 105 across the system internationally.

The positive operating cash flow of $0.330m compared to an operating cash outflow of $0.484m in the same period last year confirms the positive direction of travel for the Company.

Business Performance

Esquires United Kingdom

UK store numbers were 53 at the end of September 2023, up from 49 as of 31 March 2023. Sales from the Esquires outlets for the six months were up 58% on the pre covid period from April to September 2019 and up 22% on the same period in FY23. Record sales per store have been recorded in September and again, post period end, in October.

The average store sales for the first six months rose 16% compared to FY23 and 25% compared to FY20 as the strategy of enhancing store locations is being implemented.

With a new Regional Developer joining the group after acquiring the Franchise rights to the Southwest, South Wales & West Midlands, the company expects the rate of store sales growth to accelerate.

The UK branded café market as of January 2023 is reported by Allegra to have 9,885 stores and is projected to grow at 3.4% CAGR to 2028 when the numbers are branded stores are estimated to be 11,696. The Esquires current share of stores is 0.5% and the company is planning to grow this to at least 1.0% by 2028.

Esquires Ireland

Store sales in Ireland for the period were up 12% compared to 2022. The excellent Longford café suffered a devastating fire in September 2022. The building and café were destroyed but are being rebuilt and are planned to reopen in early 2024. However, in the short term, the franchisees and staff after just six weeks established a temporary outlet on the site and leased a vacant warehouse to enable seating for customers to continue to be served during the rebuilding phase.

Two new stores opened during the period, with 15 trading stores operating at the end of September 2023. During the period the Irish company achieved its record sales week in August and growth in the second quarter (July to September) averaged 14% compared to 4% for the first quarter of FY24.

Our Galway store was nominated for inclusion in the Top 10 best breakfasts in Ireland and it has received a further accolade by recently being awarded the number three spot in the 'Top 10 coffee spots in Ireland'. In addition, the Company is proud of the fact that the Galway store, for the last seven years, has also been the number one for cafes on Trip Advisor for best loved coffee shop in Galway.

The Irish branded café market is reported by Allegra to have 680 as at March 2023 stores and is projected to grow at 3.9% CAGR to 2028 when the numbers are branded stores are estimated to be 821. The Esquires current share of stores is 2.2% and the company is confident of increasing this in the future.

International

A recent Allegra Project Café Middle East report concluded that the Saudi Arabian coffee shop market was driving wider Middle East growth and that Saudi Arabia had invested heavily in coffee production, developing local brands, and encouraging foreign investment to elevate international out-of-home coffee culture. The country has added 556 outlets in the last year to reach 3,556 in total, representing growth of 18.5% over the period.

Consumers are becoming more knowledgeable and more willing to embrace the specialty coffee experience and are highly receptive to out-of-home Western coffee concepts. Optimism across the Middle East for the future of the branded coffee shop market is high, with long-term growth anticipated. Allegra predicts the total Middle Eastern branded coffee shop industry will grow at 5.9% CAGR for the period to 2027.

The Company is well positioned via our Middle Eastern Master Franchise partners in Saudi Arabia, Bahrain, Kuwait & Jordan to share in this projected growth.

In Pakistan the Esquires business is growing under a new Master Franchisee with store sales for the 6 months to September at double the levels of 12 months ago.

ESG

- The Company's contract coffee roastery is believed to be the first roastery in the world to be certified carbon neutral and has achieved the carbon neutral Gold Standard.
- The Company's coffee is 100% Fairtrade and organic.
- Eco friendly thermal mugs & Keep Cups on sale with reduction in menu pricing when refilling.
- 100% recyclable disposable take out cups, paper bags and serviettes.
- Still water introduction of paper-based bottles to replace plastic.
- Bio Ferma plant-based cleaning products with a view to replacing toxic chemicals.
- Biodegradable paper-based straws to replace plastic.
- Wooden cutlery and paper-based plates to replace plastic in certain locations.
- Digital menu screens to save on having to change paper-based menus.

The Company's Directors and management appreciate the importance of environmental issues and the way its business can contribute to reducing its carbon footprint. As a result, it will continue to prioritise its environmental focus highlighted by the Company's contract coffee roastery believed to be the first roastery in the world to be certified carbon neutral and has achieved the carbon neutral Gold Standard.

Esquires is committed to maintaining its premier coffee quality status and is at the forefront of technology adoption to enhance the quality of its drinks. To achieve this, Esquires is installing the BIBE Coffee IoT devices inside the coffee machines across its network. These world leading devices pair with the coffee machines, connect to the Cloud in order and provide analytics on the quality of each coffee cup. This enables the Company and franchisees to standardise the quality of espresso beverages, reduce coffee waste and streamline coffee machine maintenance.

Furthermore, to better recognise the importance of loyalty and repeat custom Esquires has developed and recently introduced an APP and loyalty scheme which has received very encouraging customer responses.

Corporate - Transition to UK

The Company is continuing its planned transition to relocate the business to the UK where most of the business operates. This will enable efficient working practices and focus the business on its growth strategy in the UK and Ireland.

Triple Two

The Triple Two business, which consisted of 11 operating franchised stores at the end of September 2023, was placed into voluntary administration on 23 October 2023. The growth potential of this business was evident prior to the Covid pandemic; however, this could not be maintained and it was unable to recover from the store closures and changing market dynamic that followed. The resulting market conditions did not assist the Triple Two business model because of the very different trading environment. Whilst growth had been evident in the first half of FY23 the factors referred to above led to store closures in the second half and reduced overall sales. The Directors were left with no option than to place this business into voluntary administration to protect the position of the Cooks Coffee business.

As a result of this action the company fully impaired the Triple Two investment of $4.8m and this has led to reporting a negative equity position for the group of $3.6m at the end of September 2023. The investment into Triple Two was made in shares issued in June 2020. Directors note that the remaining write down as per above was in addition to the impairment of Goodwill reported in the March 2023 full year report of $2.5m.

In accordance with the above, under IFRS5 the Triple Two subsidiaries have been included under discontinued operations in September 2023 and the September 2022 results have been restated accordingly. The Group results have been consolidated Under IFRS10 which means that the Triple Two entities have not been included as at 30 September 2023 due to loss of control on 29th September 2023.

The Directors recognise that the full impairment of the Triple Two investment has resulted in the balance sheet showing a negative equity position. The company is confident that the operational profit and cash generation projections for the balance of FY24 and into FY25 and beyond that will build on the positive cash generation in the 6 months to September 2023 will provide adequate cash for the company as it continues its growth based on the core Esquires businesses in UK & Ireland that both have more than 20 years of experience in the markets.

Summary and Outlook

The Directors believe the prospects for the business in the balance of the financial year and beyond are strong. The Company is committed to building the business based on ethical principles and community values. Store sales trends have been very positive in recent times, with the Company benefiting from the 'working from home' trend, which we are confident will remain in one form or another as a permanent change in consumer behaviour in the post covid environment. There is a solid pipeline of new stores in both core markets of UK & Ireland.

Esquires UK achieved record daily sales per store in October 2023 and following a strong performance in the first six months, the Directors are confident that the business models are well suited to the current consumer market and these positive results are being achieved despite the concerns being expressed regarding the general economic outlook. The expansion of the successful Regional Development model will assist in accelerating growth in the network.

The Cooks Coffee model is based on a locally focused franchised network and is very scalable in a capital light manner. With the focus on core markets, we believe that we have critical mass with an ability to grow rapidly in an exciting growth market.

In Ireland the Longford store will reopen in the early part of 2024 and there is a solid pipeline of new store opportunities despite the cost of funding.

The Company expects to have up to 80 Esquires outlets operating in UK & Ireland by the end of March 2024 with more than 100 operating in total internationally and is confident of the growth potential for all markets in the future.

Keith Jackson

Executive Chairman

Note: The Company's reporting currency is New Zealand Dollars ("$")

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Unaudited Condensed Interim Statement of Change in Equity
For the six months ended 30 September 2023

	Notes	30 September 2023 $'000	Restated 30 September 2022 $'000	Previously reported 30 September 2022 $'000
Continuing operations				
Revenue		**2,040**	2,062	3,099
Grant and other income		**119**	110	122
Raw materials and consumables used		**(13)**	(53)	(318)
Depreciation and amortisation		**(32)**	(30)	(38)
Net foreign exchange (losses)/gains		**(9)**	(132)	(131)
Employee costs		**(960)**	(792)	(1,238)
Other expenses		**(1,197)**	(699)	(1,008)
Operating profit / (loss)		**(52)**	466	488
Interest Income		**657**	581	581
Finance costs		**(924)**	(922)	(923)
Profit / (Loss) before income tax		**(319)**	125	146
Income tax (expense)/credit		**-**	-	-
Profit / (Loss) for the period from continuing operations		**(319)**	125	146
Net profit/(loss) for the period from discontinued operations		**(5,272)**	(39)	(60)
Net profit / (Loss) for the period attributable to shareholders		**(5,591)**	86	86
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Change in foreign currency translation reserve		**435**	(24)	(24)
Total comprehensive profit/(loss) for the period attributable to shareholders		**(5,156)**	62	62
Total comprehensive income/(loss) for the period attributable to Shareholders of the parent arises from:				
- Continuing operations		**190**	101	122
- Discontinued operations		**(5,346)**	(39)	(60)
		(5,156)	62	62
Profit/(loss) per share:				
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing and discontinued operations:	2	**(9.46)**	0.12	0.16
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing operations:	2	**(0.54)**	0.19	0.28
Basic and diluted profit/(loss) per share (New Zealand Cents) from discontinued operations:	2	**(8.92)**	(0.07)	(0.12)

The attached notes form part of and are to be read in conjunction with these financial statements.

Unaudited Condensed Interim Statement of Change in Equity
For the six months ended 30 September 2023

		Attributable to Equity holders of the Company				
		Share Capital	Foreign Currency Translation Reserve	Share Based Payment Reserve	Accumulated Profit/(Loss)	Total Equity
	Notes	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2022		56,897	88	2,401	(56,988)	2,398
Comprehensive income/(loss) for the year						
Gain/(Loss) for the year		-	-	-	(3,316)	(3,316)
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		-	883	-	-	883
Total comprehensive income/(loss) for the year		-	883	-	(3,316)	(2,433)
Transactions with owners of the Company						
Issue of ordinary shares		1,448	-	-	-	1,448
Total contributions by owners of the Company		1,448	-	-	-	1,448
Balance at 31 March 2023		**58,345**	**971**	**2,401**	**(60,304)**	**1,413**
Balance at 1 April 2023						
Comprehensive income/(loss) for the period						
Gain/(Loss) for the period		**-**	**-**	**-**	**(5,591)**	**(5,591)**
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translations reserve		**-**	**435**	**-**	**-**	**435**
Total comprehensive income/(loss) for the period		**-**	**435**		**(5,591)**	**(5,156)**
Transactions with owners of the Company						
Issue of ordinary shares		**150**	**-**	**-**	**-**	**150**
Total contributions by owners of the Company		**150**	**-**	**-**	**-**	**150**
Balance at 30 September 2023		**58,495**	**1,406**	**2,401**	**(65,895)**	**(3,593)**

The attached notes form part of, and are to be read in conjunction with these financial statements.

Unaudited Condensed Interim Statement of Financial Position
For the six months ended 30 September 2023

	Notes	30 September 2023 $'000	31 March 2023 $'000
Assets			
Current Assets			
Cash and cash equivalents		**381**	445
Trade and other receivables		**1,248**	1,323
Lease receivables		**2,320**	2,155
Other current assets		**622**	795
Assets classified as held-for-sale		**16**	16
Current Assets		**4,587**	4,734
Non-Current Assets			
Property, plant and equipment		**114**	142
Right-of-use assets		**164**	1,604
Lease receivables		**17,693**	17,427
Goodwill		**-**	3,072
Intangible assets		**2,831**	6,881
Other non-current financial assets		**15**	15
Non-Current Assets		**20,817**	29,141
Total Assets		**25,404**	33,875
Liabilities			
Current Liabilities			
Trade and other payables		**4,717**	4,440
Deferred Revenue		**178**	1,507
Lease liabilities		**2,368**	2,382
Borrowings and other liabilities		**2,137**	2,668
Current Liabilities		**9,400**	10,997
Non-Current Liabilities			
Deferred Revenue		**520**	114
Lease liabilities		**17,856**	18,932
Deferred tax liabilities		**-**	1,036
Borrowings and other liabilities		**1,221**	1,383
Non-Current Liabilities		**19,597**	21,465
Total Liabilities		**28,997**	32,462
Net Assets/(Liabilities)		**(3,593)**	1,413

Equity			
Share capital	4	**58,495**	58,345
Accumulated losses		**(65,895)**	(60,304)
Foreign currency translation reserve		**1,406**	971
Share based equity reserve		**2,401**	2,401
Total Equity		**(3,593)**	1,413
Net tangible assets per share (New Zealand Cents)		**(10.86)**	(12.36)

The attached notes form part of and are to be read in conjunction with these financial statements.

Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 September 2023

	Notes	30 September 2023 $'000	31 March 2023 $'000
Operating activities			
Cash we provided from:			
Receipts from customers		**3,729**	7,070
Cash was applied to:			
Interest cost		**(269)**	(526)
Payments to suppliers & employees		**(3,130)**	(7,028)
Net cash provided from/(applied to) operating activities		**330**	(484)
Investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		**(9)**	(56)
Net cash provided from/(applied to) investing activities		**(9)**	(56)
Financing activities			
Cash was provided from:			
Proceeds from borrowings		**660**	100
Proceeds from share issue		**-**	587
Cash was applied to:			
Principal elements of lease payments		**(181)**	(175)
Repayment of borrowings		**(657)**	(683)
UK Listing & Professional costs		**(207)**	-
Net cash provided from/(applied to) financing activities		**(385)**	(171)
Net increase/(decrease) in cash and cash equivalents held		**(64)**	(711)
Cash & cash equivalents at beginning of the year		**445**	1,156
Cash & cash equivalents at end of the year		**381**	445
Composition of cash and cash equivalents:			
Bank balances		**381**	445

The attached notes form part of and are to be read in conjunction with these financial statements.

Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 September 2023

The following is a reconciliation between loss after taxation for the period shown in the statement of comprehensive income and net cash flows from operating activities.

	30 September 2023 $'000	31 March 2023 $'000
Profit/(Loss) after tax	**(5,591)**	**(3,316)**
Add non-cash items:		
Depreciation and amortisation	**32**	850
Impairment loss	**82**	448
Net foreign exchange (losses)/gains	**9**	110
Impairment of goodwill	**-**	2,497
Release of liabilities		(337)
Disposal of subsidiary	**4,788**	-
Add/(Less) movements in assets/liabilities:	**1,010**	(736)
Net cash flow applied to operating activities	**330**	**(484)**

The attached notes form part of and are to be read in conjunction with these financial statements.

Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2023

The Group's reportable segments are business units deriving Royalties, Product Sales, Franchise Fees and New Store Construction Revenue from Franchisees in geographical locations.

The New Zealand segment represents the head office operation for the Group. The franchise coffee store business, operating under the Esquires and Triple Two brands, covers the New Zealand Global Franchise trading entity and all regions owned by third party Master Franchisees; and the UK and Ireland franchising business segment owned directly by the Group.

The Group has also separated operating segments for the business activities intended to be sold (now relating to one owned Esquires store in the UK).

Segment information for the reporting period is as follows:

	Continuing Operations			
30 September 2023	**Global franchising & retail**	**UK & IRE franchising**	**New Zealand**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Global operational splits				
Revenue	36	2,006	(2)	**2,040**
Grant and other income	-	119	-	**119**
Raw materials and consumables used	-	(13)	-	**(13)**
Depreciation and amortisation	-	(31)	(1)	**(32)**
Net foreign exchange (losses)/gains	4	5	(18)	**(9)**
Employee costs	-	(873)	(87)	**(960)**
Other expenses	(88)	(411)	(698)	**(1,197)**
Operating profit/(loss)	(48)	802	(806)	**(52)**
Finance costs	-	(18)	(249)	**(267)**
Profit/(loss) before income tax	(48)	784	(1,055)	**(319)**
Income tax (expense)/credit	-	-	-	**-**
Profit/(loss) for the period from continuing operations	(48)	784	(1,055)	**(319)**
Non-current assets				
Intangible assets	42	1,308	1,481	**2,831**
Property, plant and equipment	-	98	2	**100**

	Discontinued operations	
30 September 2023	**Franchising & retail**	**Total**
	$'000	**$'000**
Global operational splits		
Revenue	1,074	**1,074**
Raw materials and consumables used	(258)	**(258)**
Depreciation and amortisation	(6)	**(6)**
Employee costs	(494)	**(494)**
Other expenses	(791)	**(791)**
Operating profit/(loss)	(475)	**(475)**
Finance costs	(9)	**(9)**
Loss on disposal of subsidiary	(4,788)	**(4,788)**
Profit/(loss) before income tax	(5,272)	**(5,272)**
Income tax (expense)/credit	-	**-**

Profit/)loss) for the period from continuing operations	(5,272)	**(5,272)**
Non-current assets		
Property, plant and equipment	14	**14**

30 September 2022 - Restated	Continuing Operations Global franchising & retail $'000	UK & IRE franchising $'000	New Zealand $'000	Total $'000
Global operational splits				
Revenue	106	1,956	-	**2,062**
Grant and other income	-	110	-	**110**
Raw materials and consumables used	-	(53)	-	**(53)**
Depreciation and amortisation	-	(29)	(1)	**(30)**
Net foreign exchange (losses)/gains	48	-	(179)	**(131)**
Employee costs	-	(609)	(183)	**(792)**
Other expenses	508	(807)	(401)	**(700)**
Operating profit/(loss)	662	568	(764)	**466**
Finance costs	(1)	(6)	(334)	**(341)**
Profit/(loss) before income tax	661	562	(1,098)	**125**
Income tax (expense)/credit	-	-	-	**-**
Profit/)loss) for the period from continuing operations	661	562	(1,098)	**125**
Non-current assets				
Intangible assets	42	1,308	1,481	**2,831**
Property, plant and equipment	-	83	4	**87**
Goodwill	-	-	-	**-**

30 September 2022 - Restated	Discontinued operations UK retail $'000	Total $'000
Global operational splits		
Revenue	1,197	**1,197**
Grant and other income	12	**12**
Raw materials and consumables used	(323)	**(323)**
Depreciation and amortisation	(9)	**(9)**
Employee costs	(538)	**(538)**
Other expenses	(373)	**(373)**
Operating profit/(loss)	(34)	**(34)**
Finance costs	(5)	**(5)**
Profit/(loss) before income tax	(39)	**(39)**
Income tax (expense)/credit	-	**-**
Profit/(loss) for the period from continuing operations	(39)	**(39)**
Non-current assets		

Intangible assets	4,438	**4,438**
Property, plant and equipment	83	**83**
Goodwill	5,457	**5,457**

	Continuing Operations			
30 September 2022 – Previously Reported	**Global franchising & retail**	**UK & IRE franchising**	**New Zealand**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Global operational splits				
Revenue	106	2,993	-	**3,099**
Grant and other income	-	122	-	**122**
Raw materials and consumables used	-	(318)	-	**(318)**
Depreciation and amortisation	-	(37)	(1)	**(38)**
Net foreign exchange (losses)/gains	48	-	(179)	**(131)**
Employee costs	-	(1,055)	(183)	**(1,238)**
Other expenses	508	(1,115)	(401)	**(1,008)**
Operating profit/(loss)	662	590	(764)	**488**
Finance costs	(1)	(7)	(334)	**(342)**
Profit/(loss) before income tax	661	583	(1,098)	**146**
Income tax (expense)/credit	-	-	-	**-**
Profit/)loss) for the period from continuing operations	661	583	(1,098)	**146**
Non-current assets				
Intangible assets	42	5,739	1,481	**7,262**
Property, plant and equipment	-	148	4	**152**
Goodwill	-	5,457	-	**5,457**

	Discontinued operations	
30 September 2022 – Previously Reported	**UK retail**	**Total**
	$'000	**$'000**
Global operational splits		
Revenue	160	**160**
Raw materials and consumables used	(58)	**(58)**
Depreciation and amortisation	(1)	**(1)**
Employee costs	(92)	**(92)**
Other expenses	(65)	**(65)**
Operating profit/(loss)	(56)	**(56)**
Finance costs	(4)	**(4)**
Profit/(loss) before income tax	(60)	**(60)**
Income tax (expense)/credit	-	**-**
Profit/)loss) for the period from continuing operations	(60)	**(60)**
Non-current assets		
Intangible assets	6	**6**
Property, plant and equipment	18	**18**

1. General information

Cooks Coffee Company Limited (“Company” or “Parent”), together with its subsidiaries (the “Group”) operate in the food and beverage industry.

The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the NZX Main Market board of the New Zealand stock exchange.

Statutory base
The Company is registered under the Companies Act 1993 and is a FMC reporting entity under part 7 of the Financial Markets Conduct Act 2013.

Reporting framework
The unaudited interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (“IFRS”) and other applicable New Zealand Reporting Standards as appropriate for profit-oriented entities. The financial statements comply with IFRS. These policies have been consistently applied to all periods presented, unless otherwise noted.

These financial statements for the six months ended 30 September 2023 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting and should be read in conjunction with the financial statements published in the Annual Report for the year ended 31 March 2023. They also comply with the International Accounting Standard 34 interim Financial Reporting (IAS 34).

2. Changes in significant accounting policies

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2023. The Group has not applied any standards, amendments and interpretations that are not yet effective.

3. Profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the period.

Diluted profit/(loss) per share is determined by dividing the profit/(loss) attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of any dilutive potential ordinary shares.

Net tangible assets per share is determined by dividing the net asset value of the Group, adjusted by the intangible assets, and the number of shares issued at the end of the period.

The weighted average numbers of shares are calculated below:

	30 September 2023	**31 March 2023**
Weighted average ordinary shares issued	59,126,837	55,526,579
Weighted average potentially dilutive options issued	-	-
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing and discontinued operations:	(9.46)	(5.97)
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing operations:	(0.54)	(5.80)
Basic and diluted profit/(loss) per share (New Zealand Cents) from discontinued operations:	(8.92)	(0.17)

Net tangible assets per share (New Zealand Cents)	(10.86)	(12.36)

4. Share Capital

The share capital of Cooks Global Foods Limited consists of issued ordinary shares, each share representing one vote at the company's shareholder meetings. The par value is nil (2023: nil). All shares are equally eligible to receive dividends and the repayment of capital.

Movement of share capital	**30 September 2023**	**31 March 2023**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	60,726,348	53,059,494
Ordinary shares issued	569,444	7,666,854
Ordinary shares cancelled	(3,388,837)	-
Total ordinary shares authorised at end of period	57,906,955	60,726,348

Movements of share capital	**30 September 2023**	**31 March 2023**
Value of Shares issued:	**$'000**	**$'000**
Ordinary shares opening balance	58,345	56,897
Ordinary shares issued less share issue expenses	150	1,448
Total ordinary shares authorised at period end	58,495	58,345

The company now has 56,699,955 quoted shares and 1,207,000 non-voting shares on issue at 30 September 2023. During the year, 3,388,837 shares were cancelled at $nil value and 569,444 shares were issued on 28 August 2023 at a value of $150,000.

At 30 September 2023, $nil of the ordinary share capital is unpaid (31 March 2023: $nil).

5. Related party transactions

The Group's related parties include the directors and senior management personnel of the Group and any associated parties as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Keith Jackson is a director of Cooks Investment Holdings Limited, Jackson & Associates Limited, Ascension Capital, Weihai Station Limited, Triple Two Holdings Limited, Triple Two Coffee Franchise Limited, TTC Contractors Limited, Triple Two Coffee Property Limited and Triple Two Coffee London Limited and a trustee of Nikau Trust.
Mike Hutcheson is a director of Image Centre Limited and Lighthouse Ventures Holdings Limited.
Paul Elliott is a director of Elliott Capital Advisors Limited.
Michael Ambrose is a director of Ashville Consultancy Limited.
Peihuan Wang is a director of Jiajiayue Holding Group Limited and Weihai Station Limited.
Elena Garside is a director of Garside & Garside Ltd
Tony McVerry is a director of Esquires Coffee Houses Ireland Limited.
Aiden Keegan is a director of Esquires Coffee UK Limited, Triple Two Coffee Holdings Limited, Triple Two Coffee Franchise Limited, TTC Contractors Limited, Triple Two Coffee Property Limited and Triple Two Coffee London Limited.
David Hodgetts was a director of Triple Two Coffee Holdings Limited, Triple Two Coffee Franchise Limited, TTC Contractors Limited, Triple Two Coffee Property Limited and Triple Two Coffee London Limited until 31 July 2023.
Sezan Hodgetts was a director of Triple Two Coffee Holdings Limited, Triple Two Coffee Franchise Limited, TTC Contractors Limited, Triple Two Coffee Property Limited and Triple Two Coffee London Limited until 31 July 2023.
Graham Hodgetts was a director of Triple Two Coffee Holdings Limited, Triple Two Coffee Franchise Limited, TTC Contractors Limited, Triple Two Coffee Property Limited and Triple Two Coffee London Limited until 31 March 2023.

Alistair Tillen was a director of Triple Two Coffee Holdings Limited, Triple Two Coffee Franchise Limited, TTC Contractors Limited, Triple Two Coffee Property Limited and Triple Two Coffee London Limited until 31 May 2023

Transactions with related parties

	30 September 2023 $'000	31 March 2023 $'000
Purchases of goods and services		
Purchase of management services	120	240
Interest paid to related parties	111	314
Other transactions		
Related party receivables	-	255
Subscriptions for new ordinary shares	-	500
Funding loans advanced by related parties	60	39

Balances outstanding with related parties

	30 September 2023 $'000	31 March 2023 $'000
Outstanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	**661**	441
Loans to related parties		
Beginning of the year	**1,842**	1875
Loans advanced	**60**	39
Net foreign exchange effects	**4**	(1)
Interest charged	**111**	243
Interest paid	**(111)**	(314)
Balance end of period	**1,906**	1,842
Other receivables from related parties		
Issued capital not yet received	**-**	255

Director transactions

	30 September 2023 $'000	31 March 2023 $'000
Directors' fees	137	144
Salaries, wages and contractor payments	745	1,010
Share based payments	30	29
	912	1,183

6. Capital Commitments, Contingent Liabilities

There were no capital commitments as at 30 September 2023 (31 March 2023: $nil).

There were no changes in capital commitments, contingent liabilities and contingent assets that would require disclosure for the six months ended 30 September 2023 (31 March 2023: $nil).

7. Going Concern

The Group reported a comprehensive loss of $5,156,000 (2022: $62,000) for the six-month period to 30 September 2023. This included the write down of $4,788,000 related to the impairment of the Triple Two investment.

Operating net cash inflow for the six-month period to 30 September 2023 was $330,000. For the twelve-month period ended 31 March 2023 the net cash outflow was $484,000.

As at 30 September 2023 the Group has reported Net Liabilities of $3,593,000 (at 31 March 2023: $1,413,000) and current liabilities exceed current assets by an amount of $4,813,000 (at 31 March 2023: $6,263,000).

The ability of the Group to pay its debts as they fall due and to realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the consolidated financial statements has been considered by the Directors in the adoption of the going concern assumption during the preparation of these financial statements.

The Directors forecast that the Group can manage its cash flow requirements at levels appropriate to meet its cash commitments for the foreseeable future being a period of at least 12 months from the date of authorisation of these consolidated financial statements. In reaching this conclusion, the Directors have considered the achievability of the plans and assumptions underlying those forecasts. The key assumptions include:

- Opening multiple new stores in the United Kingdom in FY23, with a net four new sites already opened in the first half of the year, and in excess of a further six sites confirmed for the second half of the year.
- Group's ability to successfully conclude remaining discussions regarding the roll-over of existing debt.
- Group's ability to raise further debt or equity funds as a strategy to re-gear the balance sheet as part of the overall restructuring plan that is still in progress.
- The ability of related parties of Keith Jackson to continue to provide funding as required, and market conditions which the Group operates in.

The Directors have reasonable expectation that the Group has sufficient headroom in its cash resources and shareholder support to allow the Group to continue to operate for the foreseeable future or alternatively it can manage its working capital requirements to create additional required headroom.

Any significant departure from the above assumptions may cast significant doubt over the ability to continue as a going concern for the foreseeable future.

Whilst the Directors acknowledge that there are capital raising, credit, exchange and liquidity risks in the global economic market in which the Group operates, they are confident that additional capital or funding will be sourced by the Group. In particular, the Directors have received a confirmation from related parties of Keith Jackson, that they will continue to financially support the Group for the foreseeable future. They note the Group has a track record of obtaining financial support from cornerstone investors and related parties and, where necessary, negotiating the deferment of debt repayments.

The Directors are also confident that operating cash flows will continue to improve as a result of the activities that are being undertaken, and the disposal of remaining assets held for sale in the UK, to reduce the extent of cash outflow and improve profitability.

The Directors continue to consider other opportunities to further improve the Group's cash position which include discussing collaborations with partners overseas, negotiations with potential strategic equity partners, investigating new facility lines, ongoing discussions in the UK and Ireland relating to potential acquisitions, and greater focus on improving existing core business activities.

After considering all available information, the Directors have concluded that there are reasonable grounds to believe that the forecasts and plans are achievable, the Group will be able to pay its debts as and when they become due and payable, there is sufficient headroom in available cash resources, and the basis of preparation of the financial report on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meets its debts as and when they fall due.

8. Subsequent Events

In November 2023 Esquires UK concluded an agreement for the sale to a Regional Developer for the Southwest UK, South Wales & West Midlands regions. The company is confident that the new business partners will accelerate growth within these regions and build the company's market share over time.